WCB Saskatchewan Workers Compensation Board

2006 Annual Report

Pension Plan for the Employees of the Saskatchewan Workers' Compensation Board

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WCB Saskatchewan Workers Compensation Board

His Honour, The Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of the Province of Saskatchewan
Government House
4607 Dewdney Avenue
Regina, Saskatchewan
S4P 3V7

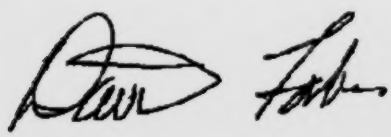
Dear Sir:

Letter of Transmittal

I have the honour to submit herewith the Annual Report of the Pension Plan for the Employees of the Saskatchewan Workers' Compensation Board for the year ending December 31, 2006.

I have the honour to be, Sir,

Your obedient servant,



David Forbes
Minister Responsible for the
Pension Plan for the Employees of the
Saskatchewan Workers' Compensation Board

Saskatchewan Workers Compensation Board

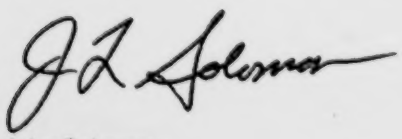
The Honourable David Forbes
Minister Responsible for the
Rension Plan for the Employees of the
Saskatchewan Workers' Compensation Board
Regina, Saskatchewan

Sir:

Letter of Transmittal

I have the honour to submit the Annual Report of the Pension Plan for the Employees of the Saskatchewan Workers' Compensation Board for the period January 1, 2006 to December 31, 2006.

Respectfully submitted,



John Solomon
Chairman
The Workers' Compensation Board

Pension Plan for the Employees of the Saskatchewan Workers' Compensation Board

Introduction

The primary purpose of the Plan is to provide pension benefits to employees in the event of retirement and secondarily in the event of termination of employment. The Plan also provides benefits to the dependents of deceased employees and superannuates in the event of death either prior, or subsequent, to retirement.

The Workers' Compensation Board is the Administrator of the Plan.

Operation of the Plan

This Plan is a Defined Benefit pension plan, which provide a benefit based on an employee's highest earnings during specified periods taking into consideration their total years of service to a maximum of 35 years. Currently employees who are contributing to the Plan make contributions at a rate of 7%, 8% or 9%, depending on their age when they entered the Plan. This contribution is offset by an amount equal to 1.8% of their pensionable earnings between the Year's Basic Exemption and Year's Maximum Pensionable Earnings as defined on an annual basis by the Canada Pension Plan.

Any deficiencies in the Plan are paid out of the revenues of the Workers' Compensation Board and are a charge thereon.

The following table below shows the number of active and retired employees in the Plan as of the current and prior year-ends:

	December 31, 2006	December 31, 2005
Active Employees	37	39
Inactive Members	2	2
Retired Employees *	55	55
Totals	**94**	**96**
*Includes Superannuates, plus their dependents that are now in receipt of a survivor pension.		

Benefit Payments

During the Plan year, benefit payments are made in accordance with the Plan rules due to retirement of employees, termination of employment and death benefits – either due to death of an employee or a superannuate.

Contributions to the Plan

In accordance with the contribution schedules outlined above, employee contributions to the Plan during the year totaled $111,336. This compares to $122,315 for the previous fiscal year.

Retirement Summary

	December 31, 2006	December 31, 2005
Attained Age 65	-	-
Attained Age 60 – no reduction	-	2
Attained 35 years of Service	2	3
Age 55 and 30 years service – reduced pension	-	-
Ill Health Pensions	-	-
Deferred Allowances now payable	-	-
Early Retirement Allowances	-	-
Totals	**2**	**5**

Death Benefit Summary

	December 31, 2006	December 31, 2005
Employee Survivor Pension	-	-
Superannuate Survivor Pension	-	1
Totals	**-**	**1**

Termination of Employment Summary

	December 31, 2006	December 31, 2005
Deferred Pension	-	-
Cash Refund	-	-
Reciprocal Transfer	-	-
Totals	**-**	**-**

Detailed listings of all transactions are included at the end of this report.

Investment Performance

The Workers' Compensation Board (Board) is responsible for holding in trust and investing the monies in the Plan. The Board has retained Greystone Capital Management Inc. to be the investment manager.

The investment manager makes the day-to-day decision of whether to buy or sell specific investments in order to achieve the long-term investment performances set out by the Board in their Investment Policy Statement for the Pension Plan for the Employees of the Saskatchewan Workers' Compensation Board. It is against these long-term investment performance objectives that the Board assesses the performance of the investment manager.

The Plan's long-term investment performance objective is to outperform a benchmark portfolio constructed as follows:

Asset Class	Market Index	Weight
Canadian	S&P/TSX Composite CPMS CAP 10 Index	25%
US	S&P 500 US Stock Index	12.5%
Non-North American	MSCI EAFE Index	12.5%
Fixed Income Bonds	SCM Universe Bond Index	45%
Short-Term Investments	91 Day Canadian Treasury Bill	5%
Total		**100%**

The objective of the Plan is to achieve a return that is equal to or greater than the return achieved from this benchmark portfolio over a rolling four-year period. The performance history of the Plan as of December 31, 2006 has been:

	1-Year Return	Rolling 4 Year Average
Plan's Return	12.21%	11.77%
Benchmark Return	11.41%	10.73%

Administration

The Public Employees Benefits Agency (PEBA) has responsibility for the operation, administration and management of several superannuation plans and other employee benefits programs. Administration of the Pension Plan for the Employees of the Saskatchewan Workers' Compensation Board is carried out in conjunction with similar plans administered by PEBA.

Changes to administrative processes will continue to be evaluated with the intent of identifying opportunities for improving customer service and becoming more responsive to the needs of the Board and the membership.

MANAGEMENT'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

Administration of the Plan is presently assigned to the Public Employees Benefits Agency of the Department of Finance. Management is responsible for financial administration, administration of the funds and managing of assets.

The financial statements, which follow, have been prepared by management in conformity with Canadian generally accepted accounting principles. Management uses internal controls and exercises its best judgment in order that the financial statements reflect fairly the financial position of the Plan.

The present value of annuities is determined by an actuarial valuation. Actuarial valuation reports require best estimate assumptions about future events which require approval by management.

The financial statements have been audited by Deloitte & Touche LLP, Chartered Accountants, whose report follows.

Brian Smith
Assistant Deputy Minister
Public Employees Benefits Agency

A. Mackrill

Ann Mackrill
Director, Pension Programs
Public Employees Benefits Agency

K Morgan

Kathy Morgan
Director, Financial Services
Public Employees Benefits Agency

Regina, Saskatchewan
February 26, 2007

ACTUARIES' OPINION

The Segal Company Ltd. was retained by the Saskatchewan Workers' Compensation Board (the Board) to perform actuarial valuations of the assets and liabilities of the Pension Plan for the Employees of the Saskatchewan Workers' Compensation Board (the Plan) on an accounting basis as at January 1, 2005 and an extrapolation to December 31, 2006, for inclusion in the Annual Report with respect to the Plan for the year ended December 31, 2006.

The valuation of the Plan's actuarial assets and liabilities were based on:

- Membership data provided by the Board as at January 1, 2005;
- Asset data provided by the Board as at December 31, 2006;
- Methods prescribed by the Canadian Institute of Chartered Accountants for pension plan financial statements; and
- Assumptions about future events (economic and demographic) that were developed by management and The Segal Company Ltd. and are considered as management's best estimate of these events.

While the actuarial assumptions used to estimate liabilities for the Plan's financial statements contained in the Annual Report represent management's best estimate of future events, and while in our opinion these assumptions are reasonable, the Plan's future experience will differ from the actuarial assumptions. Emerging experience differing from the assumptions will result in gains or losses that will be revealed in future valuations, and will affect the financial position of the Plan.

We have tested the data for reasonableness and consistency with prior valuations and in our opinion the data is sufficient and reliable for the purposes of the valuation. We also believe that the methods employed in the valuation and the assumptions used are, in aggregate, appropriate. Our opinions have been given and our valuation has been performed in accordance with accepted actuarial practice.

Phil Rivard, FSA, FCIA
The Segal Company Ltd.

February 26, 2007

PENSION PLAN FOR THE EMPLOYEES OF THE SASKATCHEWAN WORKERS' COMPENSATION BOARD

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2006

AUDITORS' REPORT

To the Members of the Legislative Assembly of Saskatchewan

We have audited the statement of net assets available for benefits, accrued pension benefits and surplus of the Pension Plan for the Employees of The Saskatchewan Workers' Compensation Board as at December 31, 2006 and the statements of changes in net assets available for benefits and changes in accrued pension benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits, accrued pension benefits and surplus of the Pension Plan for the Employees of The Saskatchewan Workers' Compensation Board as at December 31, 2006 and the changes in net assets available for benefits and changes in accrued pension benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Regina, Saskatchewan
February 26, 2007

PENSION PLAN FOR THE EMPLOYEES OF THE SASKATCHEWAN WORKERS' COMPENSATION BOARD **STATEMENT 1**

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS, ACCRUED PENSION BENEFITS AND SURPLUS

As at December 31

	2006	2005
ASSETS		
Investments (Note 3)		
Short-term investments	$ 1,368,746	$ 1,656,100
Bonds and debentures	17,043,329	15,524,225
Equities	9,673,620	8,845,711
Pooled funds	10,416,845	9,483,138
	38,502,540	35,509,174
Receivables		
Employees' contributions	641	-
Accrued investment income	168,148	140,383
Other	731	591
	169,520	140,974
Due from General Revenue Fund (Note 4)	84,064	97,823
Cash	17,188	49,614
Total assets	38,773,312	35,797,585
LIABILITIES		
Administration expenses payable	22,764	13,376
Total liabilities	22,764	13,376
NET ASSETS AVAILABLE FOR BENEFITS (Statement 2)	38,750,548	35,784,209
Accrued pension benefits (Statement 3)	31,243,000	30,583,000
Surplus	$ 7,507,548	$ 5,201,209

(See accompanying notes to the financial statements)

On behalf of the Board:

Chairman

Board Member

Board Member

PENSION PLAN FOR THE EMPLOYEES OF THE SASKATCHEWAN WORKERS' COMPENSATION BOARD
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

STATEMENT 2

Year ended December 31

	2006	2005
INCREASE IN ASSETS		
Investment income		
Interest	$ 784,753	$ 710,054
Dividends – equities	151,356	143,933
Distributions – pooled funds	381,872	154,192
Other	2,809	1,651
	1,320,790	1,009,830
Increase in market values of investments	2,939,481	3,121,694
Contributions		
Employee	111,336	122,315
Total increase in assets	4,371,607	4,253,839
DECREASE IN ASSETS		
Administration expenses (Note 9)	134,502	110,604
Superannuation allowances	1,270,766	1,116,034
Total decrease in assets	1,405,268	1,226,638
Increase in net assets available for benefits	2,966,339	3,027,201
NET ASSETS AVAILABLE FOR BENEFITS, beginning of year	35,784,209	32,757,008
NET ASSETS AVAILABLE FOR BENEFITS, end of year (Statement 1)	$38,750,548	$35,784,209

(See accompanying notes to the financial statements)

PENSION PLAN FOR THE EMPLOYEES OF THE SASKATCHEWAN WORKERS' COMPENSATION BOARD
STATEMENT OF CHANGES IN ACCRUED PENSION BENEFITS

STATEMENT 3

Year ended December 31

	2006	2005
ACCRUED PENSION BENEFITS, beginning of year	$30,583,000	$26,720,000
INCREASE IN ACCRUED PENSION BENEFITS		
Interest accrued on benefits	1,518,000	1,597,000
Benefits accrued	412,000	452,000
Actuarial loss	1,000	-
Change in assumptions	-	3,054,000
	1,931,000	5,103,000
DECREASE IN ACCRUED PENSION BENEFITS		
Benefits paid	1,271,000	1,116,000
Experience gain	-	124,000
	1,271,000	1,240,000
ACCRUED PENSION BENEFITS, end of year (Statement 1)	$31,243,000	$30,583,000

(See accompanying notes to the financial statements)

PENSION PLAN FOR THE EMPLOYEES OF THE SASKATCHEWAN WORKERS' COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

1. Description of the Plan

a) General

The Pension Plan for the Employees of The Saskatchewan Workers' Compensation Board (the Plan) is a defined benefit final average pension plan established under *The Workers' Compensation Board Pension Implementation Act*. This Plan replaces the Workers' Compensation Board Superannuation Plan (former plan). Membership is comprised of employees and board members who were enrolled in the former plan on October 1, 1977 and who did not elect to transfer to the Public Employees Pension Plan prior to October 1, 1978.

b) Administration

The Workers' Compensation Board administers the Plan. Day-to-day administration is provided by the Public Employees Benefits Agency. The Workers' Compensation Board has established a trust fund for the Plan and appointed RBC Dexia Investor Services as the Trustee.

c) Superannuation Plan

The Plan was established to accumulate contributions paid by employees and the employer, as well as any investment income.

Superannuation allowances and refunds of contributions together with interest are paid out of the Plan.

d) Funding Policy

Members contribute at the rate of 7%, 8% or 9% of salary depending on their age at the date of the commencement with the Plan. Contributions are reduced by an amount equal to deemed Canada Pension Plan contributions.

The contributions required to be paid by the employer are calculated by applying a predetermined rate to the members' contributions.

e) Retirement

Normal retirement is at age 65. Members who retire may receive benefit payments earlier under the following conditions:

- at any age after 35 years of service,
- at age 60 with at least 20 years of service,
- at age 60 with between 15 years and 20 years of service with a reduced pension,
- at age 55 with at least 30 years of service with a reduced pension.

f) **Pension**

The lifetime annual pension payable to a member is 1.3% of the average salary received by the member during the five years of highest salary, multiplied by the total number of years of service. The maximum number of years of service is 35 years.

In addition, member's who retire prior to age 65 are entitled to receive a bridge to age 65 equal to 0.7% of the member's average salary up to the average pensionable earnings prescribed by the Canada Pension Plan in the last 5 years before retirement, multiplied by the number of years of service of the member since January 1, 1966 to a maximum of 35 years.

g) **Income Taxes**

The Plan is a registered pension plan as defined in *The Income Tax Act* and is not subject to income taxes. Superannuation allowances paid from the Plan are subject to source income tax deductions that are deducted by RBC Dexia Investor Services and remitted to Canada Revenue Agency.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant.

Investments

i) Investments in bonds and equities are recorded at market values which are determined by reference to closing year end sale prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year end bid and ask prices. Transactions for foreign investments are converted to the current rate at the trade date and holdings at year end are converted at the rate in effect at year end.

ii) Pooled funds are valued based on the net asset value per unit of the underlying assets on the last valuation date.

iii) Short-term investments are recorded at market value.

Change in Market Value of Investments

i) The change in market value reflects the current year's realized and unrealized gains and losses on investments.

Investment Transactions and Income

i) Investment transactions are recorded on the trade date. Transactions conducted in foreign currencies are translated into Canadian dollars using the exchange rate in effect at the transaction date. Dividend income is recognized on the record date. Interest income is recorded as earned.

3. Investments

The investment objectives of the Plan are to ensure the Plan has sufficient assets to meet future pension obligations and to generate sufficient cash flow to meet superannuation payments. Due to the long-term horizon of the Plan's liabilities, the Plan takes a long-term investment perspective. The strategy employed to achieve these objectives is to invest cash flows from contributions, maturing

debentures, and investment returns into assets such as Canadian equities, pooled funds, money market securities, and bonds.

a) **Interest Rate Risk**

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities. Interest rate risk is managed by investing in fixed income investments with varying duration.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets.

b) **Credit Risk**

Credit risk arises from the potential for an investee to fail or for an issuer to default on its contractual obligations to the Plan. The Plan limits the credit risk by dealing with issuers that are considered to be high quality. The credit ratings used to describe the securities below are based on the Dominion Bond Rating Service and/or Standard and Poor's Ratings Service.

c) **Market Risk**

The Plan invests in publicly traded equities and bonds. These securities are affected by market changes and fluctuations. The Plan manages market risk by investing in a well-diversified portfolio of asset classes.

d) **Foreign Currency Risk**

Foreign currency exposure arises from the Plan holding investments denominated in currencies other than the Canadian dollar. Fluctuations in the relative value of the Canadian dollar against these foreign currencies result in a positive or negative effect on the fair value of investments. The Plan manages this risk by restricting the foreign holdings to the limits established in its Statement of Investment Policy and Objectives. No more than 15% of the market value of the bond portfolio shall be invested in bonds denominated in currencies other than Canadian dollars.

Short-Term Investments

Short-term investments are comprised of T-Bills, notes and commercial paper with effective interest rates of 4.2% to 5.4% (2005 – 3.5% to 4.5%) and an average remaining term to maturity of 99 (2005 - 106) days. The Plan's investment policy states that investments must meet a minimum investment standard of "R-1" rating, as rated by a recognized credit rating service. Other than the Government of Canada no single issuer represents more than 16.6% of the market value (2005 – 34.1%) of the short-term investment portfolio.

Bonds

The Plan's investment policy states that bonds must meet a minimum quality standard of BBB as rated by a recognized credit rating service. No more than 15% of the bond portfolio may be invested in BBB rated bonds. As at December 31, 2006, the Plan held 1.29% (2005 – 0.92%) of its portfolio in BBB bonds.

	2006						
Years to Maturity	Federal	Provincial	Municipal	Corporate	Total Market Value	Yield to Maturity at Market	Coupon Rate
Under 5	$6,409,541	$ 445,989	$ -	$1,440,504	$ 8,296,034	3.8-6.3%	3.8-6.8%
5 – 10	1,198,292	973,878	158,021	744,500	3,074,691	3.8-6.8%	3.8-8.5%
Over 10	1,775,213	2,654,893	78,292	1,164,206	5,672,604	4.3-6.3%	4.5-8.8%
Market Value	*$9,383,046*	*$4,074,760*	*$236,313*	*$3,349,210*	*$17,043,329*		

	2005						
Years to Maturity	Federal	Provincial	Municipal	Corporate	Total Market Value	Yield to Maturity at Market	Coupon Rate
Under 5	$5,235,134	$ 550,137	$ -	$1,163,944	$ 6,949,215	2.8-8.4%	2.8-9.0%
5 – 10	1,607,857	980,098	33,004	921,987	3,542,946	3.8-6.1%	3.8-6.8%
Over 10	1,632,444	2,481,169	78,249	840,202	5,032,064	4.0-6.1%	4.0-8.3%
Market Value	$8,475,435	$4,011,404	$111,253	$2,926,133	$15,524,225		

Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

Canadian Equities

The Plan's equity investments are held as portfolio investments and are generally readily marketable. Investments are generally limited to stocks that are publicly traded on a recognized securities market. The Plan's equities include common shares that have no fixed maturity dates and are generally not directly exposed to interest rate risk. Dividends are generally declared on a quarterly basis. The average effective dividend rate is 1.63% (2005 – 1.55%).

The Plan's investment policy allows any single holding to represent no more than 10% of the market value of the related portfolio and any single holding to represent no more than 10% of the common stock in any corporation.

Pooled Funds

The Plan limits its investments in pooled equity funds to 10% of the market value of each fund. The Plan owns units in pooled equity funds which have no fixed interest rate and whose return is based on the success of the fund manager. Exceptions to the 10% limit are allowed if provision has been made to transfer securities in kind out of the pooled fund when assets are transferred out of the pooled fund.

The Plan's pooled funds are managed by Greystone Managed Investments Inc. and are comprised of the following:

	Units Held		% of Total Units Outstanding		Market Value		Investment Income and Change in Market Value	
	2006	2005	2006	2005	2006	2005	2006	2005
	(000's)				(000's)		(000's)	
Greystone EAFE Plus Fund	445	452	0.33	0.36	$ 5,368	$4,566	$1,175	$500
Greystone US Equity Fund	412	433	4.90	11.59	5,049	4,917	417	215
					$10,417	$9,483	$1,592	$715

4. Due from General Revenue Fund

The Plan's bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

The Plan's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Plan's bank account using the Government's thirty day borrowing rate and the Plan's average daily bank account balance. The Government's average 30-day borrowing rate in 2006 was 3.95% (2005 – 2.57%).

5. Employer Contributions

The Workers' Compensation Board was required to take a holiday on employer contributions as the Plan has an excess actuarial surplus. This is required by Section 147.2 (2) of *The Income Tax Act*.

6. Obligations for Pension Benefits

The accrued benefit obligation is determined using the projected benefit method pro-rated on service and management's best estimate assumptions approved by the Workers' Compensation Board of expected plan investment performance, discount rate, salary escalation, inflation rate, post-retirement indexing rate and retirement ages of employees. The most recent actuarial valuation was prepared as at January 1, 2005 and extrapolated to December 31, 2006 by The Segal Company, Ltd.

The assumptions used in determining the actuarial value of accrued pension benefits were:

	2006	2005
Discount rate	5.00%	5.00%
Expected long-term rate of return on plan assets	5.00%	5.00%
Salary escalation rate	1.00% for 2006; 3.25% thereafter	1.00% for 2006; 3.25% thereafter
Inflation rate	2.25%	2.25%

The accrued benefit obligation at December 31, 2006 is $31,243,000 (2005 - $30,583,000). It is based on a number of assumptions about future events including: discount rate, expected long-term rate of return on plan assets, rate of salary increase, mortality, retirement rates, post-retirement indexing rate and inflation. The actual rates may vary significantly from the long-term assumptions used.

The accrued benefit obligation contains a provision for pension increases of the lesser of 2.5% and 50% of the rate of increase, if any, in the year over year increase in the Consumer Price Index in the twelve month period ending September 30 each year.

The following illustrates the effect of changing certain assumptions from assumed rates of: inflation 2.25%, salary 3.25%, discount rate 5.00% and post retirement indexing 1.125%.

	Long Term Assumptions							
	Inflation*		Salary		Discount Rate		Post Retirement Indexing	
	+ 1.0%	- 1.0%	+ 1.0%	- 1.0%	+ 1.0%	- 1.0%	+ 0.5%	- 0.5%
(Decrease) increase in liability	(4.7%)	5.9%	1.5%	(1.3%)	(10.6%)	13.6%	2.7%	(2.0%)

* A change in the inflation rate of 1% has a corresponding change in the discount rate of 1%, in the salary scale of 1% and in the post retirement indexing of 0.5%.

If there are insufficient moneys in the Plan to pay pension benefits, the Workers' Compensation Board is obligated to pay any such deficiency to the Plan.

7. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Plan by virtue of common influence by the Government of Saskatchewan.

Certain administration expenses are paid by the Plan to the Public Employees Benefits Agency Revolving Fund based upon agreed exchange amounts. The amount is identified in Note 9. Included in the administration expenses payables is an amount of $4,587 payable to the Public Employees Benefits Agency Revolving Fund.

8. Investment Performance

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set by the Board. The Board reviews the investment performance of the Plan in terms of the performance of the benchmark portfolio over 4 year rolling periods. The primary long-term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the Plan's investment performance:

	2006	Rolling Four Year Average Annual Return
Plan's actual rate of return (a)	12.21%	11.77%
Target rate of return (b)	11.41%	10.73%

(a) The annual returns are before deducting investment expenses.

(b) The Plan's target rate of return for its investment portfolio (return on the benchmark portfolio) has been determined using the actual returns of the market indexes such as the Toronto Stock Exchange 300 capped 10% Index, Morgan Stanley Capital International Europe Australia Far East Index and the Scotia Capital Markets Universe Bond Index.

9. Administration Expenses

	2006		2005
	Budget	Actual	Actual
Administration - PEBA Revolving Fund	$30,946	$ 52,126	$ 31,231
Custodian fees – RBC Dexia Investors Services	-	27,472	29,511
Investment management fees - Greystone	-	54,904	49,862
	$30,946	$134,502	$110,604

10. Fair Value of Financial Assets and Financial Liabilities

The pension liability is long term in nature and there is no market for settling these pension obligations. Therefore, determination of the fair value of the pension liability is not practical (Note 6).

The following methods and assumptions were used to estimate the fair value of each class of financial assets and financial liabilities:

Fair values of investments are considered to be market values (Note 3).

For the following financial instruments the carrying amounts approximate fair value due to the immediate or short-term nature of these financial assets and financial liabilities.

a) accrued investment income
b) other receivables
c) due from General Revenue Fund
d) administration expenses payable

SCHEDULE OF INVESTMENTS (Unaudited) — EXHIBIT 1

DECEMBER 31, 2006

Security	Par Value	Market Value
Bonds and Debentures		
Government of Canada	$ 9,549,000	$ 9,383,046
Alberta Capital Finance Authority	293,000	293,604
Province of British Columbia	484,000	615,155
Province of Manitoba	261,000	299,920
Province of New Brunswick	286,000	295,756
Province of Newfoundland & Labrador	152,000	159,937
Province of Nova Scotia	252,000	275,352
Province of Ontario	866,000	995,873
Province of Quebec	806,000	881,140
Province of Saskatchewan	209,000	258,023
British Columbia Municipal Finance Authority	155,000	158,021
55 School Board Trust	66,000	78,292
Aeroports De Montreal	34,000	40,180
Alliance Pipeline LP	82,057	98,795
Bank of Montreal	203,000	207,252
Bank of Nova Scotia	197,000	197,104
BC Ferry Services Inc	61,000	65,344
Bell Alliant Regional Communications L.P.	101,000	101,287
Borealis Infrastructure Trust	112,000	120,346
Canadian Imperial Bank of Commerce	206,000	205,413
Cards II Trust	39,000	39,113
Citigroup Finance Canada Inc	124,000	123,790
Column Canada Issuer Corporation	47,000	49,934
Epcor Utilities Inc	45,000	46,274
Fortisalberta Inc	44,000	51,073
GE Capital Canada Funding Company	234,000	237,400
Genesis Trust	46,000	45,899
Glacier Credit Card Trust	105,000	105,278
Golden Credit Card Trust	65,000	64,854
Greater Toronto Airports Authority	67,000	67,792
HSBC Financial Corp Ltd	84,000	83,147
Investors Group Inc	93,000	101,704
Manitoba Telecom Services	60,000	61,148
Merrill Lynch Canada Finance Company	60,000	60,381
Merrill Lynch Financial Assets	133,000	141,096
Merrill Lynch Mtge Loans Inc	65,000	69,745
N-45 Degrees 1st CMBS ISS Corp	39,000	41,274
National Bank of Canada	141,000	141,114
Ontrea Inc	143,000	153,251
Royal Bank of Canada	150,000	158,429
Sun Life Financial Inc	84,000	84,681
Telus Corporation	57,000	57,707

SCHEDULE OF INVESTMENTS (Unaudited) (continued)

DECEMBER 31, 2006

Security	Par Value	Market Value
Toronto Dominion Bank	$ 157,000	$ 156,011
TransCanada Pipelines Ltd	58,000	78,880
Wells Fargo Financial Canada Corporation	93,000	93,514
	$16,608,057	$17,043,329
Canadian Equities		
Alcan Inc	$ -	$ 173,179
Alimentation Couche-Tard Inc	-	176,182
Alliance Atlantis Communications Inc	-	15,144
Bank of Nova Scotia	-	552,260
Barrick Gold Corp	-	220,119
Brookfield Asset Management	-	283,209
Brookfield Properties Corp	-	99,941
CAE Inc	-	100,513
Cameco Corp	-	342,436
Canadian Imperial Bank of Commerce	-	358,598
Canadian National Railway	-	330,462
Duvernay Oil Corp	-	97,547
Encana Corporation	-	209,811
Finning International Inc	-	184,708
First Quantum Minerals Limited	-	97,263
Gildan Activewear Inc	-	111,704
Goldcorp Inc	-	412,451
Home Capital Group Inc	-	62,652
Hudbay Minerals Inc	-	11,466
Husky Energy Inc	-	316,062
Lionore Mining International Ltd	-	48,694
MacDonald Dettwiler & Associates	-	121,552
Manulife Financial Corp	-	644,553
National Bank of Canada	-	167,563
Nexen Inc	-	279,270
Pan American Silver Corp	-	44,100
Power Corp of Canada	-	417,128
Research in Motion	-	371,010
Rogers Communications Inc	-	379,618
Rona Inc	-	107,520
Royal Bank of Canada	-	675,990
Shaw Communication Inc	-	140,258
Shoppers Drug Mart Corporation	-	335,603
SNC-Lavalin Group Inc	-	173,400
Suncor Energy Inc	-	318,970
Talisman Energy Inc	-	47,619
Teck Cominco Ltd	-	377,091

SCHEDULE OF INVESTMENTS (Unaudited) (continued)

DECEMBER 31, 2006

Security	Par Value	Market Value
Telus Corporation (Non-voting)	$ -	$ 316,863
Transalta Corp	-	2,664
TransCanada Corporation	-	276,148
Trican Well Services Co Ltd	-	84,328
	-	9,485,649
Foreign Equities		
Tim Horton's Inc	-	187,971
	-	187,971
Pooled Funds		
Greystone EAFE Plus Fund	-	5,368,151
Greystone US Equity Fund	-	5,048,694
	-	10,416,845
	$16,608,057	$37,133,794

Summary	Par Value	Market Value
Bonds and Debentures		
Government of Canada & Guarantees	$ 9,549,000	$ 9,383,046
Provincials and Guarantees	3,830,000	4,311,073
Corporate Bonds	3,229,057	3,349,210
	$16,608,057	$17,043,329
Canadian Equities	-	9,485,649
Foreign Equities	-	187,971
Pooled Funds	-	10,416,845
Total Long Term Investments	$16,608,057	$37,133,794
Short Term Investments	1,396,000	1,368,746
	$18,004,057	$38,502,540

SCHEDULE OF INVESTMENT DISPOSITIONS (unaudited) EXHIBIT 2

YEAR ENDED DECEMBER 31, 2006

Security	Maturity Date	Interest Rate	Proceeds
Government of Canada	1-Jun-07	3.00%	$ 664,077
Government of Canada	1-Dec-07	2.75%	3,194,688
Government of Canada	1-Dec-08	4.25%	530,936
Government of Canada	1-Sep-10	4.00%	3,345,750
Government of Canada	1-Sep-11	3.75%	152,444
Government of Canada	1-Jun-13	5.25%	56,138
Government of Canada	1-Jun-15	4.50%	1,111,437
Government of Canada	1-Jun-16	4.00%	4,383,426
Government of Canada	1-Jun-33	5.75%	1,137,374
Government of Canada	1-Jun-37	5.00%	2,089,427
Canada Housing Trust	15-Sep-07	5.10%	1,374,764
Canada Housing Trust	15-Mar-08	4.40%	2,496,566
Canada Housing Trust	15-Mar-10	Floating 2.885%	154,270
Canada Housing Trust	15-Sep-10	Floating 2.875%	280,434
Canada Housing Trust	15-Mar-11	4.05%	27,681
Alberta Capital Finance Authority	15-Dec-11	4.44%	118,871
Alberta Municipal Finance Authority	1-Jun-12	5.85%	32,359
Province of British Columbia	18-Jun-14	5.30%	194,401
Province of Manitoba	3-Jun-13	4.25%	132,673
Province of Manitoba	3-Dec-15	5.20%	97,115
Province of Manitoba	15-Nov-18	5.50%	129,585
Province of Nova Scotia	1-Sep-10	6.40%	75,494
Province of Ontario	8-Mar-15	4.50%	110,395
Province of Ontario	2-Jun-18	5.50%	112,834
Province of Ontario	2-Jun-20	4.85%	10,074
Province of Ontario	8-Mar-29	6.50%	20,898
Province of Ontario	2-Jun-35	5.60%	142,724
Province of Quebec	1-Jun-09	5.50%	188,059
Province of Quebec	1-Dec-15	5.00%	308,619
Quebec Finance Corp	1-Dec-09	4.75%	68,180
Quebec Finance Corp	1-Dec-11	5.25%	53,281
Quebec Finance Corp	1-Dec-15	6.25%	147,841
Alliance Pipeline LP	30-Jun-23	7.18%	1,342
Bank of Montreal	14-Mar-13	4.65%	56,501
Bank of Montreal	22-Apr-20	Floating 4.87%	14,184
Bank of Nova Scotia	7-Apr-08	4.26%	70,668
Bank of Nova Scotia	18-Feb-10	3.93%	55,162
Bank of Nova Scotia	22-Jul-13	Floating 5.65%	68,623
BCE Inc	30-Oct-07	6.75%	53,223
Canadian Imperial Bank of Commerce	9-Sep-15	3.75%	36,819
Cards II Trust	15-Oct-10	3.87%	107,442
Citigroup Finance Canada Inc	22-Sep-08	3.49%	91,306
Falcon Trust Comm Mortgage	15-Jan-11	5.15%	45,766
GE Capital Canada Funding Co	7-Feb-11	Floating 4.40%	86,141

SCHEDULE OF INVESTMENT DISPOSITIONS (unaudited) (continued)

YEAR ENDED DECEMBER 31, 2006

Security	Maturity Date	Interest Date	Proceeds
Genesis Trust	15-Mar-10	4.00%	82,431
Golden Credit Card Trust	15-Oct-08	4.16%	48,682
Hydro One Inc	15-Nov-12	5.77%	47,642
Loblaw Companies Ltd	9-Jun-34	6.05%	44,696
National Bank of Canada	2-Nov-20	Floating 4.70%	41,212
Ontrea Inc	9-Apr-13	5.57%	39,216
Royal Bank of Canada	20-Jan-14	5.00%	115,136
Sun Life Financial Inc	23-Nov-35	4.80%	42,374
Sun Life Financial Inc	1-Jun-36	4.95%	57,120
Toronto Dominion Bank	5-Sep-13	4.54%	77,895
Toronto Dominion Bank	30-Oct-15	4.97%	60,142
Toronto Dominion Bank	18-Jan-16	Floating 4.317%	69,349
Toronto Dominion Bank	3-Jun-18	5.69%	118,508
York Receivables Trust	21-Jul-08	4.27%	105,001
407 ETR International	15-Aug-07	9.00%	79,184
Alcan Inc	Canadian Equity	-	11,456
Alimentation Couche-Tard Inc	Canadian Equity	-	14,852
ATI Technologies Inc	Canadian Equity	-	113,661
Bank of Nova Scotia	Canadian Equity	-	90,061
Barrick Gold Corp	Canadian Equity	-	21,203
Brookfield Asset Management	Canadian Equity	-	27,906
CAE Inc	Canadian Equity	-	5,310
Cameco Corp	Canadian Equity	-	124,987
Canadian Imperial Bank of Commerce	Canadian Equity	-	35,483
Canadian National Railway	Canadian Equity	-	67,097
Canadian Natural Resources Ltd	Canadian Equity	-	310,028
CGI Group Inc	Canadian Equity	-	66,978
Dorel Industries Inc	Canadian Equity	-	18,411
Duvernay Oil Corp	Canadian Equity	-	7,135
Encana Corp	Canadian Equity	-	247,286
Ensign Energy Services Inc	Canadian Equity	-	2,313
Falconbridge Ltd	Canadian Equity	-	401,341
Finning International Inc	Canadian Equity	-	7,806
First Quantum Minerals Limited	Canadian Equity	-	26,222
Glamis Gold Ltd	Canadian Equity	-	217,879
Goldcorp Inc	Canadian Equity	-	22,836
Home Capital Group Inc	Canadian Equity	-	19,789
Husky Energy Inc	Canadian Equity	-	53,692
Loblaw Companies Ltd	Canadian Equity	-	110,041
Macdonald Dettwiler & Associates	Canadian Equity	-	8,237
Magna International Inc	Canadian Equity	-	73,807
Manulife Financial Corp	Canadian Equity	-	63,712
Methanex Corp	Canadian Equity	-	16,298
National Bank of Canada	Canadian Equity	-	25,270

SCHEDULE OF INVESTMENT DISPOSITIONS (unaudited) (continued)

YEAR ENDED DECEMBER 31, 2006

Security	Maturity Date	Interest Rate	Proceeds
Nexen Inc	Canadian Equity	-	$ 18,512
Potash Corporation of Saskatchewan	Canadian Equity	-	166,961
Power Corp of Canada	Canadian Equity	-	40,485
Power Financial Corp	Canadian Equity	-	89,544
Precision Drilling Corporation	Canadian Equity	-	145,818
Research in Motion	Canadian Equity	-	82,244
Rogers Communication Inc	Canadian Equity	-	25,801
Rona Inc	Canadian Equity	-	10,335
Royal Bank of Canada	Canadian Equity	-	64,999
Saputo Inc	Canadian Equity	-	34,604
Shaw Communications Inc	Canadian Equity	-	10,756
Shoppers Drug Mart Corporation	Canadian Equity	-	37,386
SNC-Lavalin Group Inc	Canadian Equity	-	44,930
Suncor Energy Inc	Canadian Equity	-	172,835
Talisman Energy Inc	Canadian Equity	-	342,721
Teck Cominco Ltd	Canadian Equity	-	78,578
Telus Corporation (non voting)	Canadian Equity	-	58,862
TransCanada Corporation	Canadian Equity	-	3,464
Trican Well Services Co Ltd	Canadian Equity	-	8,715
West Fraser Timber Co Ltd	Canadian Equity	-	67,649
Westjet Airlines Ltd	Canadian Equity	-	70,503
Greystone EAFE Plus Fund	Pooled Fund	-	389,000
Greystone US Equity Fund	Pooled Fund	-	400,000
			$29,234,379

SCHEDULE OF INVESTMENT PURCHASES (Unaudited) EXHIBIT 3

YEAR ENDED DECEMBER 31, 2006

Security	Maturity Date	Interest Rate	Par Value	Cost
Government of Canada	1-Dec-07	2.75%	$ 1,622,000	$ 1,593,003
Government of Canada	1-Dec-08	4.25%	3,447,000	3,470,713
Government of Canada	1-Sep-10	4.00%	1,688,000	1,679,919
Government of Canada	1-Sep-11	3.75%	1,486,000	1,465,042
Government of Canada	1-Jun-13	5.25%	53,000	55,857
Government of Canada	1-Jun-14	5.00%	460,000	492,393
Government of Canada	1-Jun-15	4.50%	710,000	733,361
Government of Canada	1-Jun-16	4.00%	4,563,000	4,483,603
Government of Canada	1-Jun-25	Residual	817,000	344,447
Government of Canada	1-Jun-33	5.75%	1,045,000	1,266,251
Government of Canada	1-Jun-37	5.00%	1,573,000	1,788,029
Canada Housing Trust	15-Sep-07	5.10%	523,000	533,178
Canada Housing Trust	15-Mar-08	4.40%	2,489,000	2,502,709
Canada Housing Trust	15-Sep-11	4.60%	950,000	950,478
Canada Mortgage & Housing Corp	1-Feb-16	4.25%	331,000	325,031
Farm Credit Corporation	1-Jun-21	4.60%	128,000	132,433
Alberta Capital Finance Authority	15-Jun-16	4.35%	152,000	150,950
Province of British Columbia	23-Aug-13	8.50%	99,000	124,234
Province of British Columbia	18-Dec-15	5.15%	90,000	95,251
Province of British Columbia	19-Aug-22	8.75%	83,000	122,286
Province of British Columbia	18-Jun-29	5.70%	10,000	11,888
Province of Manitoba	3-Jun-13	4.25%	132,000	131,314
Province of Manitoba	22-Sep-17	6.50%	75,000	87,745
Province of Newfoundland & Labrador	17-Nov-33	5.60%	63,000	68,458
Province of Newfoundland & Labrador	17-Apr-37	4.50%	89,000	88,449
Province of Nova Scotia	1-Sep-10	6.40%	20,000	21,640
Province of Nova Scotia	1-Jun-13	4.50%	65,000	64,694
Province of Ontario	8-Mar-15	4.50%	25,000	24,799
Province of Ontario	8-Mar-16	4.40%	40,000	39,105
Province of Ontario	2-Jun-18	5.50%	66,000	69,840
Province of Ontario	2-Jun-20	4.85%	110,000	112,647
Province of Ontario	2-Jun-35	5.60%	45,000	50,899
Province of Quebec	1-Dec-10	6.25%	198,000	213,989
Province of Quebec	1-Dec-15	5.00%	168,000	172,873
Province of Quebec	1-Dec-16	4.50%	308,000	307,145
Quebec Finance Corp	1-Dec-15	6.25%	47,000	53,169
British Columbia Municipal Finance Authority	19-Apr-16	4.65%	155,000	158,712
Bank of Montreal	31-Jan-11	4.69%	29,000	28,928
Bank of Montreal	14-Mar-13	4.65%	57,000	56,973
Bank of Montreal	21-Apr-21	Floating 5.10%	48,000	48,000
Bank of Nova Scotia	7-Apr-08	4.26%	71,000	71,000
Bank of Nova Scotia	30-Oct-13	4.56%	126,000	127,168
Bell Alliant Regional Communications L.P.	26-Sep-11	4.72%	101,000	100,995
Canadian Imperial Bank of Commerce	9-Sep-15	Floating 3.75%	66,000	63,916
Canadian Imperial Bank of Commerce	28-Mar-16	4.55%	135,000	134,491
Cards II Trust	15-Oct-09	4.38%	39,000	39,358
Citigroup Finance Canada Inc	22-Sep-08	3.49%	45,000	44,285
Citigroup Finance Canada Inc	12-Dec-09	4.11%	84,000	83,598

SCHEDULE OF INVESTMENT PURCHASES (Unaudited) (continued)

YEAR ENDED DECEMBER 31, 2006

Security	Maturity Date	Interest Rate	Par Value	Cost
Citigroup Finance Canada Inc	3-Feb-11	Floating 4.37%	$ 40,000	$ 39,994
Epcor Utilities Inc	16-Nov-35	5.65%	13,000	12,441
GE Capital Canada Funding Company	7-Feb-11	Floating 4.40%	87,000	86,911
GE Capital Canada Funding Company	2-May-11	4.75%	137,000	137,315
GE Capital Canada Funding Company	17-Jan-17	4.55%	56,000	55,970
Genesis Trust	15-Sep-11	4.25%	46,000	46,000
HSBC Financial Corp Ltd	3-May-10	4.00%	38,000	37,464
Merrill Lynch Financial Assets	12-Jun-35	5.25%	14,000	14,522
National Bank of Canada	2-Nov-11	Floating 4.456%	36,000	36,000
National Bank of Canada	2-Nov-20	Floating 4.70%	57,000	55,738
Ontrea Inc	9-Apr-13	5.57%	70,000	75,365
Royal Bank of Canada	4-Nov-18	Floating 5.45%	57,000	58,921
Sun Life Financial Inc	23-Nov-35	4.80%	127,000	125,812
Sun Life Financial Inc	1-Jun-36	4.95%	57,000	56,976
Telus Coporation	3-Jun-13	5.00%	57,000	58,130
Toronto Dominion Bank	5-Sep-13	4.54%	78,000	78,495
Toronto Dominion Bank	18-Jan-16	Floating 4.317%	127,000	126,022
Toronto Dominion Bank	3-Jun-18	5.69%	110,000	116,314
Toronto Dominion Bank	14-Dec-05	4.78%	100,000	100,000
Wells Fargo Financial Canada Corp	12-Dec-12	4.40%	43,000	42,956
Alcan Inc	Canadian Equity	-	-	171,114
Alimentation Couche-Tard Inc	Canadian Equity	-	-	65,371
Alliance Atlantis Communication Inc	Canadian Equity	-	-	14,812
Bank of Nova Scotia	Canadian Equity	-	-	46,157
Barrick Gold Corp	Canadian Equity	-	-	93,331
Brookfield Asset Management	Canadian Equity	-	-	49,391
Brookfield Properties Corp	Canadian Equity	-	-	95,433
CAE Inc	Canadian Equity	-	-	86,822
Cameco Corp	Canadian Equity	-	-	119,801
Duvernay Oil Corp	Canadian Equity	-	-	118,104
Finning International Inc	Canadian Equity	-	-	18,934
First Quantum Minerals Limited	Canadian Equity	-	-	89,023
Gildan Activewear Inc	Canadian Equity	-	-	111,823
Glamis Gold Ltd	Canadian Equity	-	-	184,996
Goldcorp Inc	Canadian Equity	-	-	217,048
Home Captial Group Inc	Canadian Equity	-	-	25,210
Hudbay Minerals Inc	Canadian Equity	-	-	11,272
Husky Energy Inc	Canadian Equity	-	-	129,082
Lionore Mining International Ltd	Canadian Equity	-	-	44,863
Manulife Financial Corp	Canadian Equity	-	-	119,708
Methanex Corp	Canadian Equity	-	-	17,673
Nexen Inc	Canadian Equity	-	-	282,492
Pan American Silver Corp	Canadian Equity	-	-	43,498
Power Corp of Canada	Canadian Equity	-	-	35,591
Precision Drilling Corporation	Canadian Equity	-	-	7,084
Research in Motion	Canadian Equity	-	-	35,135
Rogers Communications Inc	Canadian Equity	-	-	73,618
Royal Bank of Canada	Canadian Equity	-	-	69,988
Shaw Communication Inc	Canadian Equity	-	-	131,042
Suncor Energy Inc	Canadian Equity	-	-	48,262
Teck Cominco Ltd	Canadian Equity	-	-	60,772

SCHEDULE OF INVESTMENT PURCHASES (Unaudited) (continued)

YEAR ENDED DECEMBER 31, 2006

Security	Maturity Date	Interest Rate	Par Value	Cost
Transalta Corp	Canadian Equity	-	$ -	$ 2,646
Transcanada Corporation	Canadian Equity	-	-	70,002
Trican Well Services Co Ltd	Canadian Equity	-	-	58,164
Tim Horton's Inc	Foreign Equity	-	-	167,892
Greystone EAFE Plus Fund	Pooled Fund	-	-	341,945
Greystone US Equity Fund	Pooled Fund	-	-	170,927
			$26,076,000	$29,575,618